

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
MAY 24, 2011
7:00 P.M.

1. CALL TO ORDER

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 Approval of Minutes - for the Regular Meetings of January 11, 2011, February 15, 2011, March 1, 2011, and March 8, 2011

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS – None.

5. OTHER BUSINESS

5.1 Report Out from Closed Session of Any Final Action

5.2 CONSIDERATION OF A NOTICE OF FUNDING AVAILABILITY FOR LOW AND MODERATE INCOME HOUSING FUNDS

Consideration to Issue a Notice of Funding Availability (NOFA) for Use of Low and Moderate Income Housing Funds for Development of New Affordable Rental Housing

Contact Person:

Name:	Bill Cooper	Elisa Tierney
Title:	Housing Project Manager	Redevelopment Agency Director
Dept.:	Community Development	Community Development
Phone:	510-494-4520	510-494-4501
E-Mail:	bcooper@fremont.gov	etierney@fremont.gov

RECOMMENDATION: Adopt a resolution authorizing the issuance of a Notice of Funding Availability (NOFA) to solicit proposals for the development of affordable

housing and authorizing the use of Housing Fund monies (as defined in the Executive Summary) to assist in the financing of such development.

6. ADJOURNMENT



REPORT SECTION
FREMONT REDEVELOPMENT
AGENCY REGULAR MEETING

MAY 24, 2011

5.1 Report Out from Closed Session of Any Final Action

5.2 CONSIDERATION OF A NOTICE OF FUNDING AVAILABILITY FOR LOW AND MODERATE INCOME HOUSING FUNDS

Consideration to Issue a Notice of Funding Availability (NOFA) for Use of Low and Moderate Income Housing Funds for Development of New Affordable Rental Housing

Contact Person:

Name:	Bill Cooper	Elisa Tierney
Title:	Housing Project Manager	Redevelopment Agency Director
Dept.:	Community Development	Community Development
Phone:	510-494-4520	510-494-4501
E-Mail:	bcooper@fremont.gov	etierney@fremont.gov

A companion report is on tonight's City Council agenda

Executive Summary: In response to recent Redevelopment Agency Board and City Council direction, staff proposes to issue a Notice of Funding Availability (NOFA) for approximately \$7.9 million of Redevelopment Agency Low and Moderate Income Housing Funds (Affordable Housing Funds) to assist developers in the creation of new affordable rental housing. Due to the uncertainty caused by the State's threatened dissolution of redevelopment agencies, staff recommends both the Agency Board and City Council approve action items related to the issuance of the NOFA. Therefore, the Redevelopment Agency of the City of Fremont and the City of Fremont (Fremont Bodies) would give final approval for any project and funding commitment. Staff recommends that the Fremont Bodies authorize staff to issue a NOFA to solicit affordable housing proposals and to use existing Housing Funds to assist in the financing of projects approved by the Fremont Bodies.

BACKGROUND: At the July 20, 2010 Work Session, the Agency Board received considerable background data on the need for affordable housing in Fremont, reviewed the Agency's affordable housing programs and production, and provided guidance to staff on a number of policy questions. Staff took this information and returned to the Agency Board on November 23, 2010 with a draft Agency Affordable Housing Strategy, which reflects the Board's goals and priorities and was approved by the Board. During the discussion, the idea of issuing a Housing Request for Proposals (RFP)/Notice of Funding Availability was discussed as a way to address specific Agency interests in developing affordable housing on various sites within the City.

Over the past few months, staff has presented the City Council and the Agency Board with information about possible courses of action to preserve existing affordable housing assets and future affordable housing funds in light of the Governor's budget proposal and desire to dissolve redevelopment agencies. To this end, on February 15, 2011, the City Council and Agency Board approved an Affordable Housing Cooperation Agreement for the Fremont Merged Redevelopment Project Area between the City and the Agency. The Agreement called for the Agency to deposit the existing balance in its Low and Moderate Income Housing Fund (Affordable Housing Fund) into a City-administered Housing Fund and to deposit into this City-administered Housing Fund future required contributions to the Affordable Housing Fund. In this way, the Agency has requested that the City serve as its agent in administering and expending funds in the Agency's Affordable Housing Fund.

Subsequently, to further protect the existing balance in the Agency's Affordable Housing Fund, on February 22, 2011, the City Council and Agency Board considered other means of obligating the Affordable Housing Funds. After considering the possible Agency purchase of several City-owned properties, the City Council and Redevelopment Agency Board requested that staff issue a Request for Proposal (RFP)/Notice of Funding Availability (NOFA) to solicit proposals from developers interested in applying for funding to build affordable housing in Fremont.

DISCUSSION/ANALYSIS: Staff proposes to issue a Notice of Funding Availability (NOFA) for the remaining unallocated balance of approximately \$7.9 million of Housing Funds for the development of new affordable rental housing in Fremont. The Fremont Bodies would give final approval for any project and funding commitment. The draft NOFA is included as an enclosure to this agenda report.

Some of the key goals in Fremont's Affordable Housing Investment Strategy, approved by the Agency Board in November, call for the City/Agency to (1) focus the production of rental units on extremely-low, very low and low income categories; (2) target a range of households, including transition age youth, families and seniors; and (3) encourage projects that include supportive services as an integral component of affordable housing. To help meet these goals, the NOFA includes an evaluation standard that favors projects that include the following housing priorities:

- Targeting extremely low income households (30% or less than area median income), very low income households (50% or less than area median income) and low income households (60% or less than area median income). Targeting a range of households, including transition age youth, large families and seniors.
- Including supportive services appropriate for the expected tenant population as an integral component of the project, noting that Housing Funds cannot be used to pay for related operational costs.

Selection Process: Proposals that meet the NOFA requirements will be reviewed initially by City staff and consultants. Proposals will be evaluated based on the project selection criteria listed in the NOFA. A screening team, proposed to be made up of staff, consultants, and if desired by the Fremont Bodies, two community representatives, would interview and check references for the top performing applicants and make recommendations to the Fremont Bodies for final approval, selection and funding. Once the Fremont Bodies have made a final decision, staff will begin negotiation with selected developers of loan and regulatory agreements for the 55-year term of affordability. Staff believes that the \$7.9 million of funds to be offered through the NOFA will likely fund only one or two projects.

Schedule: The proposed NOFA schedule is expected to take approximately 8 months. Applicants will have three months to respond to the NOFA. Once proposals are received, staff will have 2 months to review proposals, qualify and screen applicants, check references and make a recommendation to the Fremont Bodies for consideration. Immediately following approval by the Fremont Bodies, the City/Agency and the selected applicant(s) will begin negotiating loan and regulatory agreements. The schedule below lists specific dates and events expected to occur during the NOFA process:

NOFA SCHEDULE	
EVENT	DATE
City Council and Agency Board meetings to approve release of NOFA	Tuesday, 5/24/2011
NOFA announced	Tuesday, 5/31/2011
Pre-Proposal information meeting	Thursday, 6/16/2011
Proposals due (90 days from NOFA announcement)	Monday, 8/30/2011
Initial review of proposals	Tuesday, 9/07/2011
Proposal review team report on reference check and other due diligence	Wednesday, 9/15/2011
Applicant interviews (Specific date TBD)	Mid-September 2011
City Council and Agency Board meetings to approve Proposal(s) (60 days from Proposal due date)	Tuesday, 10/25/2011
Loan, Regulatory Agreements Negotiation (45 days)	Mid-December 2011
City Council and Agency Board approve Loan and Regulatory Agreements	Early January 2012

Housing Funds: Approximately \$7.9 million of Housing Funds (as defined in the Executive Summary) are available for this NOFA. These funds can be used to support predevelopment, acquisition and construction costs. It is recommended that the Fremont Bodies not provide financing to support operating subsidies or supportive services. The Housing Funds are intended to fill the financing gap between total development cost and other available financing sources (e.g., tax credits, private financing, and other grants and loans) the developer must separately obtain. The allocation of Housing Funds to a project will be subject to the negotiation of a loan agreement between the City and the developer that must be approved by the Fremont Bodies.

Issues for Consideration: Staff has identified the following issues for Council/Agency consideration:

- Rental vs. For Sale. If approved, the NOFA would solicit new affordable rental developments. For-sale projects would not be eligible for the NOFA. Rental projects are being solicited because rental units can best target affordability levels at the extremely low, very low and low income

categories, which are the households in greatest need. Also, the Agency's Affordable Housing Investment Strategy calls for Fremont to use the Regional Housing Needs Allocation (RHNA) as a benchmark for targeting the expenditure of Affordable Housing Funds through 2014. Rental housing as opposed to for-sale housing offers the best chance at reaching the lower income categories and at helping more households on a subsidy per housing unit basis. While circumstances exist in which the City has assisted in funding low or very low income home ownership housing projects, to date, these have been rare occurrences. Staff views these as pilot projects and would like more time in which to evaluate their success before they continue to be offered.

- In/outside Project Area. The future of Redevelopment is uncertain, so it very well could be that in the future there is no distinction made between affordable housing developments inside the Agency's Project Area and those outside the Project Area. The proposed NOFA does not limit project sites to any particular area. Staff hopes that allowing developers to propose sites throughout Fremont will help to disburse affordable housing throughout the City.
- Range of incomes. Rental projects that are either all affordable or mixed income (both affordable and market-rate rental units) would be eligible under the NOFA guidelines. All projects must be financially feasible. For mixed-income projects, only the affordable housing portion of the development can be assisted with the funds being offered through this NOFA. Housing Funds cannot be used to support market-rate housing.

The City's General Plan encourages a mix of housing near transit. Examples in Fremont include development near the existing BART station, the planned Irvington BART station, the Centerville Train Depot and on main bus routes such as Fremont Boulevard. In its Housing Element, the City has identified numerous parcels suitable for residential development near transit hubs. The NOFA does not limit housing sites to these areas, but informs developers that these sites are identified in the current Housing Element and would be encouraged for affordable housing.

- Green buildings. The City adopted a residential Green Building Ordinance in 2010, which establishes a baseline for green features in new residential construction. In keeping with the Fremont Bodies' emphasis on sustainability and on reducing greenhouse gas emissions, the NOFA will encourage developers to go beyond the requirements of the ordinance and to include additional cost-effective green building features in their proposals.

Staff recommends that the Fremont Bodies authorize staff to issue a NOFA to solicit affordable housing proposals and to use Housing Funds (as defined in the Executive Summary) to assist in the financing of projects approved by the Fremont Bodies.

FISCAL IMPACT: None at this time. Fiscal impact will be assessed as future projects are funded.

ENVIRONMENTAL REVIEW: The proposed action does not meet the definition of "project" as defined by CEQA. No environmental review is necessary at this time; however, environmental review required by CEQA or NEPA (if applicable) will be complete prior to the commencement of any individual affordable housing project that results from this NOFA.

ENCLOSURES:

- [Draft Resolution](#)
- [Draft Notice of Funding Availability \(NOFA\)](#)

RECOMMENDATION: Adopt a resolution authorizing the issuance of a Notice of Funding Availability (NOFA) to solicit proposals for the development of affordable housing and authorizing the use of Housing Fund monies (as defined in the Executive Summary) to assist in the financing of such development.